Newfoundland Labrador

Department of Finance

Government Money Purchase Pension Plan Committee

Activity Plan

January 1, 2011 – December 31, 2013

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GOVERNMENT MONEY PURCHASE PENSION PLAN COMMITTEE
P.O. Box 8700
St. John's, NL
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March 31, 2011

Honourable Thomas W. Marshall
Minister of Finance
Government of Newfoundland and Labrador
Confederation Building
St. John's, NL A1B 4J6

Dear Minister Marshall:

The Government Money Purchase Pension Plan (GMPP) is a capital accumulation plan that is designed to provide pension coverage for part time employees of government and its agencies and full time employees of participating employers ineligible to participate in another government sponsored plan. A GMPP Committee has been overseeing the management of the plan since its inception in 1989.

Under the GMPP, the level of benefits provided at retirement is dependent on the contributions and the income earned on those contributions during an employee's career. It is critical that participating employees become actively engaged in the management of their respective plan assets in order to ensure security in retirement and this is the key strategic issue for the GMPP Committee.

Pursuant to the provisions of the *Transparency and Accountability Act*, the GMPP Committee is accountable for the preparation of the Activity Plan and the achievement of the goals as outlined in the plan. In the preparation of this plan, the strategic directions of government were considered but were determined not to be applicable to the GMPP. However, prudent management of the pension plan by the GMPP Committee with a view to encouraging plan members to take an active role in their investment selection is consistent with the work plan of the Department of Finance to improve the operations of all pension plans sponsored by the Province.

As the Chair of the GMPP Committee, it is my pleasure to submit the Activity Plan for the GMPP Committee covering the fiscal years ending December 31, 2011, 2012 and 2013.

Yours sincerely,

Laurie Skinner

Laurie Skinner
Chair of the GMPP Committee

Activity Plan

1.0 Overview

The Government Money Purchase Pension Plan (GMPP) was created under the *Government Money Purchase Pension Plan Act* on April 1, 1989. The GMPP was established to provide pension coverage for part time employees of Government and its agencies and full time employees of participating employers ineligible to participate in another government sponsored plan. As of December 31, 2010, there were 30,608 plan member accounts under administration which included 13,271 active members (those who contributed to the GMPP during 2010) and 58 participating employers.

The operations of the GMPP are overseen by the GMPP Committee which was appointed by the Lieutenant Governor in Council to advise the Minister of Finance, as Trustee, on the administration of the plan. The GMPP Committee has 11 members including representatives from government and the plans' stakeholders, including employee groups, with the Assistant Deputy Minister of Finance (Financial Planning and Benefits Administration) as the Chair. Responsibilities of the Committee include the development, review and implementation of investment policies; the recommendation of investment consultants, custodian and investment managers for appointment; and the review of all activities of the plan administrator, Great West Life.

2.0 Mandate

The GMPP Committee's mandate is to administer the GMPP, including the setting of investment policy, the recommendation for appointment of an administrator/custodian and the monitoring of plan performance.

3.0 Lines of Business

Prudent management of the GMPP, including:

1. The development, implementation and review of investment alternatives to provide plan members with the ability to make an active investment decision with respect to their accumulated funds.
2. Promotion of the plan and education of plan members on the importance of taking an active interest in their investments.
3. Oversight to ensure that contributions accumulated to the credit of plan members are invested prudently in the investment classes prescribed by the Committee.

4.0 Values

Self Determination: All plan members have a right to make or not to make an active investment decision with respect to their accumulated funds.

Respect: Each member of the GMPP Committee respects the rights of plan members to make or not to make an active investment decision with respect to their accumulated funds.

5.0 Primary Clients and Stakeholders

The primary clients for the GMPP Committee are the employees who participate in the plan.

The stakeholders for the GMPP Committee are the Minister of Finance as Trustee, 58 participating employers and the unions which represent participating employees.

6.0 Vision

The vision of the GMPP Committee is to have all participating employees select an investment strategy suited to their retirement objectives with the ultimate goal to maximize the amount of pension funds available at retirement.

7.0 Mission

By 2016, the Government Money Purchase Pension Plan Committee will have built on the success of the GMPP by improving administration for the benefit of all plan members and engaging more stakeholders in decision making.

Measure: Enhanced administration
Indicator: Reduced turnaround time for plan to plan transfers

Measure: Plan member engagement
Indicators:

- **Increased number of plan members taking active interest in their investments**
- **Increased attendance at information sessions**

8.0 Strategic Issues

1: Improved Governance

The GMPP Committee was established by the Lieutenant Governor in Council in 1989 with a broad mandate to oversee the investment and administrative activities of the GMPP. Since that time, the plan has grown to in excess of 30,000 plan member accounts with more that $250 million in assets. Most Committee members participate in their capacity as a representative of a particular stakeholder group and have no specialized knowledge of pension investments or the role of a fiduciary. While this structure has worked satisfactorily in the past, it is incumbent on the Committee to review its governance practices to ensure that it is meeting it fiduciary obligations to plan members and, if necessary, take steps to improve its ability to oversee the GMPP.

Goal 1: By 2013 the GMPP Committee will have improved its governance practices.

Measure: Governance practices are improved
Indicators:

- Implemented administrative mechanisms for improved governance
- Implemented education plan for GMPP Committee members

Objective 1:
By December 31, 2011, the GMPP Committee will have reviewed its governance practices.

Measure: Review of current governance practices completed
Indicator: Report on current governance practices completed

Objective 2:
By December 31, 2012, the GMPP Committee will have developed and implemented improved Governance practices and a Governance Education Plan for existing and new Committee members.

Objective 3:
By December 31, 2013, the GMPP Committee will have reviewed the effectiveness of the new governance practices.

2: Education and Promotion

The GMPP is a capital accumulation plan where employee contributions together with the employer match are deposited to individual accounts. The employee has the option to allocate those contributions to a variety of investment vehicles, with the ultimate accumulation at retirement dependent on the investment selection of the employee. Employees are provided with the tools to assist them with their asset allocation decision, but many either do not or choose not to avail of these tools. The Committee has endeavoured to engage employees in the process by promoting the plan and offering annual educational sessions across the province, but with limited success.

Goal 2: By December 31, 2013, the GMPP Committee will have enhanced the opportunities for plan members to become engaged in investment decision making.

Measure: Capacity for engagement is enhanced
Indicators:

- Developed resources to facilitate decision making
- Increased opportunities to participate in education
- Development of an education and promotion plan targeted to specific plan member groups

Objective 1:
By December 31, 2011, the GMPP Committee will have developed an education and promotion plan to facilitate the decision-making needs of specific plan member groups.

Measure: An educational and promotion plan is developed
Indicators:

- Identify characteristics and needs of specific plan member groups
- Recommend new approaches and enhanced tools to facilitate decision-making

Objective 2:
By December 31, 2012, the GMPP Committee will have begun implementation of select components of the education and promotion plan and increased availability of educational opportunities.

Objective 3
By December 31, 2013, the GMPP Committee will have continued implementation of the education and promotion plan for plan member engagement in investment decision making.